U.S. Department of Energy Office of Energy Assurance

Energy Assurance: State Stakeholder Meeting II





Summary Report August 12, 2003 Asheville, NC

EXECUTIVE SUMMARY

The Department of Energy's Office of Energy Assurance (OEA) leads the federal effort to ensure a secure and reliable flow of energy to America's homes, businesses, industries, and critical infrastructures. OEA's program addresses assurance responsibilities established in the President's National Strategy for the Physical Protection of Critical Infrastructures and Key Assets (2003) and the National Strategy to Secure Cyberspace (2003). One of the OEA's most prominent responsibilities is supporting states in understanding and addressing their energy assurance needs.

OEA conducted the State Stakeholder Meeting II on August 12, 2003 in Asheville, NC. The objective for this meeting was to build upon the results of an initial state stakeholders meeting and determine specific activities to address states' near-term energy assurance priorities. A diverse mix of state stakeholder organizations took part in the meeting, including representatives from national associations as well as individual states (text box).

Starting with the output of the first meeting - a long list of state energy assurance needs, the participants organized these needs into a framework based on common themes. This framework was useful in allowing the participants to assess their many assurance needs from a broader perspective. For instance, understanding state energy assurance needs and establishing



coordination during energy emergencies were prominent categories which encompassed a large number of specific stakeholder needs. Educational programs, model protocols for states, and improved communications were frequently cited needs that cut across several categories like energy emergency programs and understanding assurance needs.

The stakeholders then used this needs matrix to determine near-term priorities that DOE should help to address. Once the group had voted on individual needs that they viewed as priorities, it became clear that a handful of issues were extremely important to the states in the near-term. Guidelines and protocols for emergency preparedness, model protocols for cost recovery, and model state energy assurance plans were among the top priorities.

The final goal of the meeting was to "drill down" into the priorities and establish discrete activities to address these needs. The stakeholders articulated specific initiatives to address priorities, along with suggestions for the organizations that should be involved, estimates of required resources, and potential project metrics. In the time available, the group scoped out three activities that will help to address their top needs:

- Developing the core elements of a model state energy assurance plan
- Implement and expand the Energy Emergency Information Coordinators system
- Examine models for cost recovery protocols

OEA will use the results of this meeting to guide and progress its support of state assurance needs in the immediate future. The Office has already funded projects with NARUC and NASEO to develop a communications protocol and a model state energy assurance plan, respectively. Additionally, OEA is supporting a tabletop training exercise on energy assurance at a National Conference of State Legislatures meeting in November 2003.

Participating Organizations

Appalachian State University Energy Center

Indiana Energy & Recycling Office

Iowa Department of Natural Resources

Kentucky Division of Energy

Maine State Planning Office

Maryland Energy Administration

Michigan Public Service Commission

National Association of Regulatory Utility Commissioners

National Association of

State Energy Officials

National Energy Technology Laboratory

New Hampshire Office of State

Planning and Energy Programs

New York State Energy Research and Development Authority

North Carolina Department of Administration

North Carolina Emergency Management

North Dakota Division of

Community Services

Northeast-Midwest Institute

Ohio Department of Development,

Energy Efficiency

State of Maryland

Strategic Guidance Associates

U.S. Department of Energy

Washington DC Energy Office

Wisconsin Division of Energy

Introduction

The Department of Energy's Office of Energy Assurance (OEA) leads the federal effort to ensure a secure and reliable flow of energy to America's homes, businesses, industries, and critical infrastructures. OEA accomplishes this mission by working in collaboration with the Department of Homeland Security and in partnership with industry stakeholders and state and local governments.

OEA, which was reconstituted following the formation of the Department of Homeland Security in March 2003, conducts its program in direct support of the President's National Strategy for Homeland Security (2002) and the President's National Energy Policy (2001). The Office addresses energy assurance responsibilities established in the President's National Strategy for the Physical Protection of Critical Infrastructures and Key Assets (2003) and the National Strategy to Secure Cyberspace (2003). One of OEA's most prominent responsibilities is supporting states in understanding and addressing their energy assurance needs.

OEA conducted the State Stakeholder Meeting II on August 12, 2003 in Asheville, NC. This meeting served as a follow-up to the first meeting with state stakeholders in June 2003. The State Stakeholder Meeting II was intended to build upon the results of the first meeting (see text box) and determine near-term energy assurance priority needs for states, along with specific plans for addressing them. A complete list of meeting participants (Appendix A) and the meeting agenda (Appendix B) are included in this report.

State Stakeholder Meeting I

- Summary of State Stakeholder Perspectives on Energy Assurance

OEA conducted State Stakeholder Meeting I on June 9-10, 2003 in Washington, DC. A primary objective for the meeting was to understand state stakeholder's perspectives on energy assurance needs.

The state stakeholders expressed that some existing energy assurance programs and resources are in place and working well, but significant coordination and communications gaps exist between federal, state and local, and private industry stakeholders. State stakeholders do not understand federal versus state energy emergency roles, and the critical importance of energy assurance is not communicated effectively to state legislators. The lack of a sustained, consistent energy assurance program at the federal level has contributed to these issues.

Looking forward, state needs and expectations focus on coordination, communications, policy analysis and support, outreach and training, and technology development. In each of these areas, state stakeholders rely upon OEA to use it leadership role and resources to support, coordinate, and assist states in their energy assurance programs.

Given numerous and diverse state needs and a complex array of stakeholders, the group supported the development of a national agenda for energy assurance. The national agenda must have a clear scope and not cover old ground, but instead incorporate an assessment of current and past energy assurance efforts.

Results

The State Stakeholder Meeting II served to:

- identify common themes that link state energy assurance needs,
- determine which needs must be addressed in the near-term,
- and establish implementation details for addressing near-term priorities.

In deciding on common themes that link state assurance needs, the stakeholders analyzed dozens of different needs identified in the first stakeholder meeting and determined the common links among them. This required an initial discussion of the potential linkages, followed by stakeholders actually categorizing the needs into bins (see Exhibit 1).

While it was recognized that there are several ways to organize state needs according to common themes, the stakeholders were successful in classifying the various needs into six core categories:

- Establishing energy assurance as a high priority
- Understanding energy assurance needs
- Paying for energy assurance
- Coordination during energy emergencies
- Insufficient planning for energy assurance
- Uncertainty in energy assurance authorities and responsibilities

Exhibit 1: State Stakeholders Determining Common Themes



Establishing a framework of this type helped to transform the long list of output of the first meeting into a more coherent and understandable context (see Exhibit 2). This framework allowed the stakeholders to assess their energy assurance needs from a high-level perspective and then move ahead with decisions on priorities.

Exhibit 2: A Framework for State Energy Assurance Needs

ENERGY ASSURANCE LACK OF UNDERSTANDING How to Pay LACK OF COORDINATION Is Not A High OF ENERGY ASSURANCE FOR ENERGY IN ENERGY EMERGENCIES **PRIORITY NEEDS** ASSURANCE Energy often does not Need to know the Guidelines for emergency Support technical make it on the list of top impacts on industry that preparedness ****** assistance to state state priorities result from fuel - Options policy makers Energy emergency switching . - Communications Protocols Support states in Create a summary function at the federal - Explanation of authorities addressing the cost of inventory that surveys level has risen energy security Prepare a model energy and faded energy assurance assurance plan Technical and financial Energy is not prominent Need better regional coordination • activities • assistance for planning enough in homeland Interdependencies *** Conduct summer and winter Assist states in security need to be better fuels meetings . developing a model Need to educate understood ***** One official point of contact . protocol on cost Congressional decision · Training to reflect more Assistance in developing recovery **** complex energy communications protocol **** makers **** - Sample Engage legislators via infrastructure ***** - Detailed policy analysis on PUC/legislation groups like NCSL ** · Assist states in creating FOIA, cost recovery, on cost recovery Education of state a climate that supports emergency response energy security policymakers *** Assist states in developing a Timely state-level investments . model protocol on information energy data and exchange ** analysis . Connecting energy people to Guidance on how to existing communication measure energy mechanisms . Direct energy information to states assurance • during energy emergencies *** Assist in establishing communications among state policymakers No effective system to coordinate environmental and energy officials Guidelines for defining energy emergencies Regular communication between federal and state policymakers Standardize telecommunication devices for emergency workers · Support states in addressing information exchange

Exhibit 2: A Framework for State Energy Assurance Needs (cont.)

Insufficient Planning	UNCERTAINTY AND CONFLICTS REGARDING AUTHORITIES/ LACK OF UNDERSTANDING OF WHO IS RESPONSIBLE FOR WHAT	OTHER	REMOVE FROM LIST
 Regional coordination mechanisms for planning Develop/update comprehensive energy assurance plans in states ◆ More formal approach for handling energy emergencies Help states adopt model state protocols ◆ Lack of control of gas allocation ◆ Provide leadership for states in developing supportive policies Institutional model for ongoing training Support states in addressing policy related to energy security ◆ Support the development of educational and analytical materials ◆ Support development of sample state legislation and model rules ◆◆◆ Support multi-state emergency response training 	 Inadequate authorities State vs. federal authorities are not clear ◆◆ Unclear what the federal and state authorities are Delineate authorities are Delineate authorities among agencies at different levels ◆◆ Need to identify links between natural gas and electricity Paper companies, other power sources (hydro, biomass, renewable generators) need to be considered ◆◆ Federal-state-energy supplier links must be clarified Resolve policy issues regarding distributed generation ◆◆◆◆◆ 	Avoid unintended consequences Is assurance about protection of optimal economics or primarily health and safety issues? Is "assurance" possible or redundant? Deal with crisis on case by case basis, not generically—don't fix what isn't broken More states in SHOPP Support new technology for a more robust infrastructure Is "assurance" a form of unnecessary government intervention? Avoid dualistic (either/or) thinking Longer-term demand reduction ◆ Level the playing field for energy sources ◆	Address market failures that affect energy security assurance (too vague—revise)

Once this framework was completed, the stakeholders indicated which needs they viewed as top state priorities for DOE's support. Stakeholders could "vote" for particular items with a "\iff " sticker (Exhibit 2). Needs with the greatest number of votes then indicated the top energy assurance priorities in the perspective of the state stakeholders.

The final goal of the meeting was to "drill down" into the priorities areas and establish discrete activities to address these needs (Exhibit 3). The stakeholders articulated specific activities to address priorities, along with suggestions for the organizations that should be involved, estimates of required resources, and potential project metrics. In the time available, the group scoped out three activities that will help to address their top needs:

- Developing the core elements of a model state energy assurance plan
- Implement and expand the Energy Emergency Information Coordinators system
- Examine models for cost recovery protocols

Specific initiatives, like developing the core elements to include in a model state energy assurance plan, were defined in terms of participants and resources. For example, the stakeholders determined that NASEO, NARUC, and NCSL should be involved in determining the core elements of a model assurance plan, and that this activity would require resources of up to \$50k. Project metrics for this task could include the level of buy-in to the model plan at the state level and the number of plans actually patterned off of the model. Similar information was gathered for implementing and expanding the Energy Emergency Information Coordinators (EEIC) system and examining and disseminating model cost recovery protocols for states.

Other needs -including training, interdependencies, and educating policymakers - will require further discussion to identify specific activities. It was also decided that "Resolve DG policy issues" was a need that fell outside of OEA's focus, and that this issue would be communicated to the appropriate groups within DOE.

Exhibit 3. Immediate Priorities - What Activities should DOE Support Right Now?

	SPECIFIC ACTIVITIES	LEAD ORGANIZATION	Supporting Organizations	RESOURCES (A = < 50K, B 50-100K, C = 100-250K, D = >250K)	METRICS
Update State Energy Assurance Plans Develop a Model State Energy Assurance Plan	 Develop the core elements of a model plan Define and differentiate EA plans Define authorities 	• NASEO	NCSL NARUC NASEO	A —this would be the cost to define the scope and develop a template of the core elements	Level of buy-in Number of delivered plans
Help Develop Communications Protocol	Implement and expand EEIC Include state legislators Establish/identify players Identify responsibilities Include additional stakeholders	NARUC and NASEO	NGA, NCSL, CIO's (state), state Homeland Security groups	C—to establish and expand the EEIC	 Percentage of states participating Number of contacts Quantity of information flow up and down
Assist States in Developing Model Protocol for Cost Recovery	Examine models and protocols (public utility commissions) Distribute summary to stakeholders	• NARUC	NCSL, NGA	• B	Number of completed model protocols Extent of exposure to states Degree to which they are applicable
Provide Training to Reflect More Complex Energy Infrastructure, Including Regional Exercises	 Interdependencies Training modules Table top exercises Regional exercises Simulation/modeling Curriculum development Identify elements of training at state level—what training is needed? 	OEA/DOE should take the lead on training			
Better Understand Interdependencies					
Help Educate All Policy-Makers					
Resolve DG Policy Issues	Beyond OEA focus communicate to appropriate groups within DOE				

Next Steps

EA will use the results of this meeting to guide and progress its support of state assurance needs in the immediate future. The Office is planning to fund projects with NARUC and NASEO to develop a communications protocol and a model state energy assurance plan, respectively. Additionally, OEA will support a tabletop training exercise on energy assurance at an NCSL meeting in November 2003, and will pursue other energy assurance programs with stakeholder groups like the National Governors Association and the Northeast-Midwest Institute.

OEA will also continue its dialogue with state stakeholders to determine additional assurance needs and to monitor progress. In October 2003 OEA is hosting the Winter Fuels meeting in Washington, DC. OEA will disseminate information about its current activities with states via its website (www.ea.doe.gov) and other industry forums.

Appendices

Appendix A: Attendee List Energy Assurance State Stakeholder Follow-Up Meeting Tuesday, August 12, 2003 Asheville, NC

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Appendix B: Energy Assurance State Stakeholder Meeting Agenda

U.S. Department of Energy Office of Energy Assurance

Energy Assurance: State Stakeholder Meeting II

August 12, 2003 Renaissance Asheville Hotel Asheville, NC

Preliminary Agenda

Tuesday, August 12 - Salon B

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Time	Activity	Leader/Format
10:00 - 10:30	Welcome and Introduction	Alice Lippert, DOE
	Welcome: Alice Lippert, DOE Office of Energy	Denise Swink, DOE
	Assurance	
	 Purpose: Denise Swink, Acting Director, DOE 	
	Office of Energy Assurance	
10:30 - 10:45	Break	
10:45 - 11:30	Results of Initial State Stakeholder Meeting (June	Jack Eisenhauer &
	03) & Recent Progress	Jamie Lyons,
	, c	Energetics
11:30 – 1:45	Linking State Needs: Integrating and Prioritizing	Jack Eisenhauer &
	Energy Assurance Activities	Jamie Lyons,
	Organizing and Linking Needs	Energetics
	Additional Needs and Gaps	
	Continuing Issues	
	Toward a Model State Energy Assurance Plan	
	Working lunch will be served at noon	
1:45 - 2:00	Break	
2:00-2:45	Activities to address immediate needs	Jack Eisenhauer &
	Near-Term Priorities	Jamie Lyons,
	Lead Organizations	Energetics
	Contributing Organizations	
	Next Steps	
2:45 – 3:00	Closing Comments	Participants
3:00	Adjourn	



